

103D CONGRESS  
1ST SESSION

# S. 810

To amend the Bank Holding Company Act of 1956, the Revised Statutes of the United States, and the Federal Deposit Insurance Act to provide for interstate banking, to permit savings associations to branch interstate to the extent authorized by State law, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 22 (legislative day, APRIL 19), 1993

Mr. FORD introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

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## A BILL

To amend the Bank Holding Company Act of 1956, the Revised Statutes of the United States, and the Federal Deposit Insurance Act to provide for interstate banking, to permit savings associations to branch interstate to the extent authorized by State law, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Interstate Banking Act  
5 of 1993”.

1 **SEC. 2. INTERSTATE BANKING.**

2 (a) IN GENERAL.—Section 3(d) of the Bank Holding  
3 Company Act of 1956 (12 U.S.C. 1842(d)) is amended  
4 to read as follows:

5 “(d) INTERSTATE ACQUISITIONS.—

6 “(1) ACQUISITION OF EXISTING BANKS.—Be-  
7 ginning 1 year after the date of enactment of the  
8 Interstate Banking Act of 1993, the Board may ap-  
9 prove an application under this section to permit a  
10 bank holding company that is adequately capitalized  
11 and adequately managed to acquire, directly or indi-  
12 rectly, any voting shares of, interest in, or all or sub-  
13 stantially all of the assets of an existing bank lo-  
14 cated outside of the State in which the operations of  
15 such bank holding company’s banking subsidiaries  
16 were principally conducted on July 1, 1966, or the  
17 date on which such company became a bank holding  
18 company, whichever is later. For purposes of this  
19 section, the State in which the operations of a bank  
20 holding company’s banking subsidiaries are prin-  
21 cipally conducted is that State in which total depos-  
22 its of all such banking subsidiaries are largest.

23 “(2) EXISTING BANKS.—For purposes of para-  
24 graph (1), a bank that does not open for business  
25 and has been chartered solely for the purpose of ac-  
26 quiring any voting shares of, interest in, or all or

1 substantially all of the assets of an existing bank  
2 shall be deemed to be an existing bank and to have  
3 been in existence for the same period of time as the  
4 bank to be acquired.

5 “(3) COMMUNITY REINVESTMENT COMPLI-  
6 ANCE.—In determining whether to approve an appli-  
7 cation under paragraph (1), the Board shall consider  
8 the applicant’s record of compliance with applicable  
9 Federal and State community reinvestment laws.

10 “(4) STATE LAW.—A transaction approved  
11 under paragraph (1) may occur without regard to  
12 whether such transaction is permitted under the law  
13 of the State in which the bank to be acquired is  
14 located.

15 “(5) CONCENTRATION AND OTHER LIMITS.—

16 “(A) IN GENERAL.—The Board may not  
17 approve an application under paragraph (1)  
18 if—

19 “(i) the applicant controls, or upon  
20 completion of the acquisition would control,  
21 more than 10 percent of insured depository  
22 institution assets of the United States, as  
23 determined under regulations of the Board;

24 “(ii) the applicant controls, or upon  
25 completion of the acquisition would control,

1           25 percent or more of the insured deposi-  
2           tory institution deposits in the State in  
3           which the institution to be acquired is  
4           located, as determined under regulations of  
5           the Board, except that a State may waive  
6           the applicability of this subparagraph; or

7           “(iii) the acquisition will result in the  
8           applicant directly or indirectly controlling a  
9           bank that has been in existence for a  
10          shorter period of time than is prescribed  
11          by the law of the State in which such bank  
12          is located in effect on the date the applica-  
13          tion is filed with the Board, only if such  
14          State law does not prescribe a period of  
15          more than 5 years.

16          “(B) NO EFFECT ON ANTITRUST LAWS.—  
17          Nothing in this paragraph shall be construed to  
18          affect the applicability of Federal or State anti-  
19          trust laws that do not discriminate or have the  
20          effect of discriminating against out-of-State  
21          banks or bank holding companies.

22          “(6) DEFINITIONS.—For purposes of this sub-  
23          section—

1           “(A) the term ‘adequately capitalized’ has  
2           the same meaning as in section 38 of the Fed-  
3           eral Deposit Insurance Act; and

4           “(B) the term ‘insured depository institu-  
5           tion’ has the same meaning as in section 3 of  
6           the Federal Deposit Insurance Act.”.

7   **SEC. 3. CONVERSION OF BANKS TO BRANCHES.**

8           (a) IN GENERAL.—Section 3 of the Bank Holding  
9   Company Act of 1956 (12 U.S.C. 1842) is amended by  
10   adding at the end the following new subsection:

11          “(h) INTERSTATE COMBINATIONS.—

12               “(1) IN GENERAL.—

13                   “(A) COMBINATIONS AUTHORIZED.—Sub-  
14                   ject to paragraphs (6) and (7), 1 year after the  
15                   date of enactment of the Interstate Banking  
16                   Act of 1993, a bank holding company having  
17                   subsidiary banks located in more than 1 State  
18                   may combine 2 or more of such banks into a  
19                   single, resulting bank by means of a merger,  
20                   consolidation, or other transaction.

21                   “(B) SURRENDER OF CHARTER AFTER  
22                   COMBINATION.—On the date on which a com-  
23                   bination authorized by this paragraph becomes  
24                   effective, the charters of the banks (other than  
25                   that of the resulting bank) that have been com-

1           bined in accordance with subparagraph (A) into  
2           the resulting bank shall be surrendered to the  
3           regulatory authority that issued the charters.

4           “(C) EFFECT OF STATE PROHIBITION OF  
5           COMBINATIONS.—If, during the period begin-  
6           ning on the date of enactment of the Interstate  
7           Banking Act of 1993 and ending on the expira-  
8           tion of 3 years after such date of enactment, a  
9           combination authorized by subparagraph (A) is  
10          effected in a State that thereafter elects to pro-  
11          hibit interstate combinations under paragraph  
12          (6), then that State may require such branch to  
13          be promptly converted back into a bank as it  
14          existed prior to such combination.

15          “(2) APPLICABILITY.—A combination under  
16          paragraph (1) may only be effected in the case of a  
17          merger, consolidation, or other transaction that is  
18          undertaken by a bank holding company that is ade-  
19          quately capitalized and adequately managed.

20          “(3) ACTIVITIES OF THE RESULTING BANK.—

21                 “(A) ADDITIONAL BRANCHES.—Following  
22                 any combination effected under paragraph (1),  
23                 the resulting bank may establish, acquire, and  
24                 operate additional branches at any location  
25                 where the resulting bank or a combined bank

1           could have established or acquired and operated  
2           a branch under the applicable Federal or State  
3           law if it had not been a party to such combina-  
4           tion.

5           “(B) INTRASTATE BRANCHING.—Except as  
6           expressly provided in this paragraph, nothing in  
7           this paragraph shall be deemed to amend, re-  
8           peal, or preempt, either expressly or by implica-  
9           tion, any Federal or State law relating to the  
10          establishment, acquisition, or operation of intra-  
11          state branches by national or State banks.

12          “(C) CONDITIONS.—Prior to granting ap-  
13          proval to effect a combination under paragraph  
14          (1), the appropriate Federal banking agency  
15          shall consider the bank’s rating under the Com-  
16          munity Reinvestment Act of 1977 and the views  
17          of the appropriate State bank regulatory au-  
18          thorities regarding the bank’s compliance with  
19          applicable State community reinvestment laws.

20          “(D) IMPOSITION OF SHARES TAX BY  
21          HOST STATES.—In order to assure that an out-  
22          of-State bank contributes a fair share to a host  
23          State’s revenues, if any branch of an out-of-  
24          State bank established pursuant to paragraph  
25          (1) or subparagraph (A) of this paragraph con-

tinues in operation, a proportionate amount of the value of the shares of the out-of-State bank may be subject to any bank shares tax levied or imposed by any host State or political subdivision thereof based upon an allocation of net income, capital or net worth, and other factors employed in computing such value pursuant to an allocation method adopted by the host State's taxing authorities, if such method does not unconstitutionally discriminate against out-of-State banks or bank holding companies.

“(4) ACTIVITIES OF BRANCHES.—A State bank that establishes a branch or branches in accordance with paragraph (1) or paragraph (3)(A) of this subsection may not conduct any activity at such branch or branches located in the host State that is not permitted for banks chartered by the host State.

“(5) APPLICABLE LAW.—

“(A) IN GENERAL.—

“(i) NATIONAL BANK BRANCHES.—

Any branch of a national bank that is established as the result of a combination in accordance with paragraph (1) or paragraph (3)(A) shall be subject to the laws of the host State with respect to intrastate



1           branching, consumer protection, fair lend-  
2           ing, and community reinvestment as if it  
3           were a branch of a national bank having  
4           its main office in that State.

5           “(ii) STATE BANK BRANCHES.—Any  
6           branch of a State-chartered bank that is  
7           established as the result of a combination  
8           in accordance with paragraph (1) or para-  
9           graph (3)(A) shall be subject to the laws of  
10          the host State with respect to intrastate  
11          branching, consumer protection, fair lend-  
12          ing, and community reinvestment as if it  
13          were a branch of a bank chartered under  
14          the laws of such State and having offices  
15          only in such State.

16          “(B) FILING REQUIREMENTS.—

17               “(i) IN GENERAL.—A host State may  
18               require any bank having its main office in  
19               another State that wishes to establish a  
20               branch within the host State as a result of  
21               a combination authorized by paragraph (1)  
22               or paragraph (3)(A) to comply with filing  
23               requirements that—

24                       “(I) are not discriminatory in na-  
25                       ture; and

1           “(II) are similar in their effect to  
2           those that are imposed on a corpora-  
3           tion having its main office in another  
4           State that is not engaged in the busi-  
5           ness of banking and that seeks to en-  
6           gage in business in the host State.

7           “(ii) FAILURE TO COMPLY.—The host  
8           State may preclude any bank referred to in  
9           clause (i) from establishing or operating a  
10          branch within the host State as the result  
11          of a combination authorized by paragraph  
12          (1) if that bank or its branch materially  
13          fails to comply with the filing requirements  
14          established by the host State.

15          “(6) STATE ELECTION TO PROHIBIT INTER-  
16          STATE COMBINATIONS.—

17               “(A) IN GENERAL.—A combination author-  
18               ized by paragraph (1) shall not be effective with  
19               respect to banks located in a State that has en-  
20               acted, at any time prior to expiration of 3 years  
21               after the date of enactment of the Interstate  
22               Banking Act of 1993, a law that applies equally  
23               to national and State banks and that expressly  
24               prohibits interstate combinations authorized  
25               under paragraph (1) as the result of which a

1 bank located in that State would be combined  
2 with, and made a branch of, an out-of-State  
3 bank.

4 “(B) EFFECT OF PROHIBITION.—If a  
5 State has in effect a prohibition described in  
6 subparagraph (A), a combination under para-  
7 graph (1) may not be effected which results in  
8 an out-of-State bank being combined with and  
9 made a branch of a bank located in that State.

10 “(7) STATE ELECTION TO PERMIT INTERSTATE  
11 COMBINATIONS.—

12 “(A) COMBINATIONS PRIOR TO EFFECTIVE  
13 DATE.—A combination under paragraph (1)  
14 may be undertaken before 1 year after the date  
15 of enactment of the Interstate Banking Act of  
16 1993, if each of the States in which 1 or more  
17 banks that are to be combined into a single, re-  
18 sulting bank is located has in effect a law ex-  
19 pressly permitting interstate combinations by  
20 national and State-chartered banks. A State de-  
21 scribed in the preceding sentence may impose  
22 other conditions on the branch of the resulting  
23 bank located in that State if—

24 “(i) the conditions do not discriminate  
25 or have the effect of discriminating against

1 out-of-State banks or bank holding compa-  
2 nies; and

3 “(ii) the imposition of the conditions  
4 is not preempted by Federal law regarding  
5 the same subject.

6 “(B) COMBINATIONS AFTER EFFECTIVE  
7 DATE.—A State that originally elected to pro-  
8 hibit interstate combinations as described in  
9 paragraph (6) may elect at any later time to  
10 permit interstate combinations authorized  
11 under paragraph (1) if such State enacts a law  
12 expressly permitting interstate combinations by  
13 national and State-chartered banks.

14 “(8) LIMITATIONS.—Nothing in paragraph (1)  
15 affects the applicability of Federal or State antitrust  
16 laws that do not discriminate or have the effect of  
17 discriminating against out-of-State banks or bank  
18 holding companies.

19 “(9) RESERVATION OF CERTAIN RIGHTS TO  
20 STATES.—Nothing in this subsection limits in any  
21 way the right of a State to—

22 “(A) determine the authority of State  
23 banks chartered in that State to establish and  
24 maintain branches; or

1           “(B) supervise, regulate, and examine  
2           State banks chartered by that State.

3           “(10) DEFINITIONS.—For purposes of this sub-  
4           section—

5           “(A) the term ‘adequately capitalized’ has  
6           the meaning given such term by section 38 of  
7           the Federal Deposit Insurance Act;

8           “(B) the term ‘appropriate Federal bank-  
9           ing agency’ has the same meaning as in section  
10          3 of the Federal Deposit Insurance Act;

11          “(C) the term ‘combined bank’ means any  
12          bank participating in a combination under  
13          paragraph (1), other than the resulting bank;

14          “(D) the term ‘host State’ means the State  
15          in which a bank establishes or maintains a  
16          branch other than the State in which the bank  
17          has its main office and is engaged in the busi-  
18          ness of banking;

19          “(E) the term ‘insured depository institu-  
20          tion’ has the same meaning as in section 3 of  
21          the Federal Deposit Insurance Act;

22          “(F) a bank shall be deemed to be ‘located’  
23          in the State in which it was chartered or, in the  
24          case of a national bank, the State in which its  
25          main office is located; and

1           “(G) the term ‘resulting bank’ means a  
2           banking subsidiary of a bank holding company  
3           that has resulted from a transaction effected  
4           under paragraph (1) involving the combination  
5           of 2 or more subsidiary banks of the bank hold-  
6           ing company located in 2 or more States.”.

7           (b) TAXATION.—

8           (1) STATE FRANCHISE OR OTHER NON-  
9           PROPERTY TAXES.—The amendments made by this  
10          section and section 2 do not in any way affect, limit,  
11          impair, or preclude the right of any State or political  
12          subdivision of a State to impose a nondiscriminatory  
13          franchise tax or other nonproperty tax instead of a  
14          franchise tax as provided by section 3124 of title 31,  
15          United States Code.

16          (2) STATE METHODS OF TAXATION.—Subject to  
17          the provisions of section 3(h)(3)(D) of the Bank  
18          Holding Company Act of 1956 (12 U.S.C.  
19          1842(h)(3)(D)), as added by this section, nothing in  
20          this section or section 2 shall be construed to ei-  
21          ther—

22                 (A) prohibit or restrict any State or politi-  
23                 cal subdivision of a State from applying any tax  
24                 or method of taxation to a State bank or a na-  
25                 tional bank or branch thereof when such tax or

1 tax method is otherwise permitted by or per-  
 2 missible under either the Constitution of the  
 3 United States or any other Federal law; or

4 (B) allow any State or political subdivision  
 5 of a State to apply any tax or method of tax-  
 6 ation to a State bank or national bank or  
 7 branch thereof when such tax or tax method is  
 8 otherwise prohibited or restricted by either the  
 9 Constitution of the United States or any other  
 10 Federal law.

11 (c) CONFORMING AMENDMENT TO THE NATIONAL  
 12 BANK ACT.—Section 5155(c) of the Revised Statutes (12  
 13 U.S.C. 36(c)) is amended in the first sentence by striking  
 14 “a national banking association” and inserting “Except  
 15 as provided in section 3(h) of the Bank Holding Company  
 16 Act of 1956, a national banking association”.

17 **SEC. 4. AMENDMENTS TO FEDERAL DEPOSIT INSURANCE**  
 18 **ACT AND THE ACT ENTITLED “AN ACT TO**  
 19 **PROVIDE FOR THE CONSOLIDATION OF NA-**  
 20 **TIONAL BANKING ASSOCIATIONS”.**

21 (a) FEDERAL DEPOSIT INSURANCE ACT AMEND-  
 22 MENTS.—Section 18(d) of the Federal Deposit Insurance  
 23 Act (12 U.S.C. 1828(d)) is amended—

24 (1) in the first sentence of paragraph (1), by  
 25 striking “No State” and inserting “Except as pro-

1 vided in section 3(h) of the Bank Holding Company  
2 Act of 1956, no State”;

3 (2) by adding at the end of section 18(d) the  
4 following:

5 “(3) COORDINATION OF EXAMINATION AUTHOR-  
6 ITY.—

7 “(A) IN GENERAL.—A host State bank su-  
8 pervisory or regulatory authority may examine  
9 a branch established in the host State by a  
10 bank chartered by a State other than that host  
11 State that resulted from a combination effected  
12 under section 3(h) of the Bank Holding Com-  
13 pany Act of 1956 for the purpose of determin-  
14 ing compliance with host State laws regarding  
15 banking, community reinvestment, fair lending,  
16 consumer protection, and permissible activities  
17 and to ensure that the activities of the  
18 branch—

19 “(i) are conducted in a manner that is  
20 consistent with sound banking principles;  
21 and

22 “(ii) do not constitute a serious risk  
23 to the safety and sound operation of the  
24 branch.



1           “(B) ENFORCEMENT.—In the event that a  
2           host State bank supervisory or regulatory au-  
3           thority determines that there is a violation of  
4           the law of the host State concerning the activi-  
5           ties being conducted by the branch of a State  
6           bank or that such branch is being operated in  
7           a manner not consistent with sound banking  
8           principles or in an unsafe and unsound manner,  
9           such host State bank supervisory or regulatory  
10          authority may undertake such enforcement ac-  
11          tions and proceedings as would be permitted  
12          under the law of the host State as if the branch  
13          in question were a bank chartered by that host  
14          State.

15          “(C) COOPERATIVE AGREEMENT.—The  
16          State bank supervisory or regulatory authorities  
17          from 1 or more States are authorized to enter  
18          into cooperative agreements to facilitate State  
19          regulatory supervision of State-chartered banks,  
20          including cooperative agreements relating to the  
21          coordination of examinations and joint partici-  
22          pation in examinations.

23          “(D) FEDERAL REGULATORY AUTHOR-  
24          ITY.—

1                   “(i) INTERSTATE AGREEMENTS.—

2                   Nothing in this subsection limits in any  
3                   way the authority of the appropriate Fed-  
4                   eral banking agency to examine any bank  
5                   or branch of a bank for which the agency  
6                   is the appropriate Federal banking agency.

7                   “(ii) REVIEW OF INTERSTATE AGREE-  
8                   MENTS.—If the appropriate Federal bank-  
9                   ing agency determines that the States have  
10                  failed to reach an agreement under sub-  
11                  paragraph (C), or that such an agreement  
12                  fails to adequately protect the Federal De-  
13                  posit Insurance Fund, the appropriate  
14                  Federal banking agency shall not defer to  
15                  State examinations of the out-of-State  
16                  branches.

17                  “(4) DEFINITION.—For purposes of this sub-  
18                  section, the term ‘host State’ means the State in  
19                  which a bank establishes or maintains a branch,  
20                  other than the State in which the bank is chartered  
21                  and is engaged in the business of banking.”.

22                  (b) NATIONAL BANKING ASSOCIATIONS.—The Act  
23                  entitled “An act to provide for the consolidation of na-  
24                  tional banking associations”, approved November 7, 1918,  
25                  (12 U.S.C. 215 et seq.) is amended—

1           (1) in the first sentence of subsection (a) of the  
2       first section, by inserting after “located in the same  
3       State” the following: “, or in any State in which a  
4       bank involved in an interstate acquisition or inter-  
5       state combination authorized by section 3(d)(1) or  
6       3(h) of the Bank Holding Company Act of 1956 is  
7       located,”;

8           (2) by inserting before the period at the end of  
9       subsection (d) of the first section “, except that the  
10      applicability of State law to an interstate acquisition  
11      or interstate combination undertaken in accordance  
12      with section 3(d)(1) or 3(h) of the Bank Holding  
13      Company Act of 1956 shall be determined in accord-  
14      ance with the provisions of those sections”;

15          (3) in the first sentence of section 2(a), by in-  
16      serting after “located within the same State,” the  
17      following: “or in any State in which a bank involved  
18      in an interstate acquisition or interstate combination  
19      authorized by section 3(d)(1) or 3(h) of the Bank  
20      Holding Company Act of 1956 is located,”;

21          (4) in the sixth sentence of section 2(d), by in-  
22      serting before the period “, except that the applica-  
23      bility of State law to the transaction undertaken  
24      pursuant to section 3(d)(1) or 3(h) of the Bank  
25      Holding Company Act of 1956 shall be determined

1 in accordance with the provisions of those sections”;  
 2 and

3 (5) in paragraph (4) of section 3, by inserting  
 4 after “within the same State” the following: “, or  
 5 within any State in which a bank involved in an  
 6 interstate acquisition or interstate combination au-  
 7 thorized by section 3(d)(1) or 3(h) of the Bank  
 8 Holding Company Act of 1956 is located,”.

9 **SEC. 5. ESTABLISHMENT OF NEW INTERSTATE BRANCHES**

10 **BY NATIONAL AND STATE BANKS.**

11 (a) ESTABLISHMENT OF NEW INTERSTATE  
 12 BRANCHES BY STATE BANKS.—Section 18(d) of the Fed-  
 13 eral Deposit Insurance Act (12 U.S.C. 1828(d)), as  
 14 amended by section 4(a), is further amended by adding  
 15 at the end the following:

16 “(5) ESTABLISHMENT OF NEW INTERSTATE  
 17 BRANCHES.—

18 “(A) IN GENERAL.—Notwithstanding any  
 19 other provision of law, a host State may, ex-  
 20 pressly by statute and not merely by implica-  
 21 tion, permit all out-of-State national or State  
 22 banks that are adequately capitalized and ade-  
 23 quately managed to establish a branch in the  
 24 host State other than by merger, consolidation,  
 25 or other similar transaction. Such branch shall

1           be operated in accordance with section 3(h) of  
 2           the Bank Holding Company Act of 1956 and  
 3           the provisions of that section shall apply to the  
 4           branch as if the branch resulted from a com-  
 5           bination effected in accordance with paragraph  
 6           (1) of that section.

7           “(B) DEFINITION.—For purposes of this  
 8           paragraph, the term ‘host State’ means the  
 9           State in which a bank establishes a branch  
 10          under subparagraph (A).”.

11          (b) ESTABLISHMENT OF NEW INTERSTATE  
 12 BRANCHES BY NATIONAL BANKS.—Section 5155 of the  
 13 Revised Statutes (12 U.S.C. 36) is amended—

14           (1) by redesignating subsections (d) through (h)  
 15          as subsections (e) through (i), respectively; and

16           (2) by inserting after subsection (c) the follow-  
 17          ing:

18          “(d) INTERSTATE BRANCHING BY NATIONAL  
 19 BANKS.—

20           “(1) APPROVALS AUTHORIZED.—Notwithstand-  
 21          ing any other provision of law, the Comptroller of  
 22          the Currency may approve an application under this  
 23          section for a national bank to establish a branch in  
 24          a State other than the State in which its principal  
 25          place of business is located if the host State ex-

1       pressly permits, by statute and not merely by impli-  
 2       cation, all out-of-State national banks that are ade-  
 3       quately capitalized and adequately managed to es-  
 4       tablish such a branch. Such branch shall be operated  
 5       in accordance with section 3(h) of the Bank Holding  
 6       Company Act of 1956, and the provisions of that  
 7       section shall apply to the branch as if the branch re-  
 8       sulted from a combination effected in accordance  
 9       with paragraph (1) of that section.

10       “(2) DEFINITION.—For purposes of this sub-  
 11       section, the term ‘host State’ means the State in  
 12       which a national bank establishes a branch under  
 13       paragraph (1).”.

14       **SEC. 6. COMMUNITY REINVESTMENT ACT EVALUATION OF**  
 15       **BANKS WITH INTERSTATE BRANCHES.**

16       (a) IN GENERAL.—Section 807 of the Community  
 17       Reinvestment Act of 1977 (12 U.S.C. 2906) is amended  
 18       by adding at the end the following subsections:

19       “(d)       INSTITUTIONS       WITH       INTERSTATE  
 20       BRANCHES.—

21       “(1) STATE-BY-STATE EVALUATION.—In the  
 22       case of a regulated financial institution that main-  
 23       tains domestic branches in 2 or more States, the ap-  
 24       propriate Federal financial supervisory agency shall  
 25       prepare—

1           “(A) a written evaluation of the entire in-  
2           stitution’s record of performance under this  
3           title, as required by subsections (a), (b), and (c)  
4           of this section; and

5           “(B) for each State in which the institu-  
6           tion maintains 1 or more domestic branches, a  
7           separate written evaluation of the institution’s  
8           record of performance within such State under  
9           this title, as required by subsections (a), (b),  
10          and (c).

11          “(2) MULTISTATE METROPOLITAN AREAS.—In  
12          the case of a regulated financial institution that  
13          maintains domestic branches in 2 or more States  
14          within a multistate metropolitan area, the appro-  
15          priate Federal financial supervisory agency may pre-  
16          pare a separate written evaluation of the institu-  
17          tion’s record of performance within such metropoli-  
18          tan area under this title, as required by subsections  
19          (a), (b), and (c) of this section. If the agency pre-  
20          pares a written evaluation pursuant to this para-  
21          graph, the scope of the written evaluation required  
22          under paragraph (1)(B) shall be adjusted accord-  
23          ingly.

1           “(3) CONTENT OF STATE LEVEL EVALUA-  
 2           TION.—A written evaluation prepared pursuant to  
 3           paragraph (1)(B) of this subsection shall—

4                   “(A) present the information required by  
 5                   subparagraphs (A) and (B) of subsection (b)(1)  
 6                   of this section separately for each metropolitan  
 7                   area in which the institution maintains 1 or  
 8                   more domestic branch offices and separately for  
 9                   the remainder of the nonmetropolitan area of  
 10                  the State if the institution maintains 1 or more  
 11                  domestic branch offices in such area; and

12                   “(B) describe how the Federal financial  
 13                   supervisory agency has performed the examina-  
 14                   tion of the institution, including a list of the in-  
 15                   dividual branches examined.

16           “(4) DEFINITIONS.—For purposes of this sec-  
 17           tion:

18                   “(A) DOMESTIC BRANCH.—The term ‘do-  
 19                   mestic branch’ means any branch office or  
 20                   other facility of a regulated financial institution  
 21                   with the ability to accept deposits located in  
 22                   any State.

23                   “(B) METROPOLITAN AREA.—The term  
 24                   ‘metropolitan area’ means any primary metro-  
 25                   politan statistical area, metropolitan statistical



1 area, or consolidated metropolitan statistical  
2 area as defined by the Director of the Office of  
3 Management and Budget, with a population of  
4 250,000 or more, and any other area identified  
5 by the appropriate Federal financial supervisory  
6 agency.

7 “(C) STATE.—The term ‘State’ has the  
8 same meaning as provided in section 3(a) of the  
9 Federal Deposit Insurance Act.”.

10 (b) SEPARATE PRESENTATION.—Section 807(b)(1)  
11 of the Community Reinvestment Act of 1977 (12 U.S.C.  
12 2906(b)(1)) is amended by adding at the end the following  
13 sentence:

14 “A written evaluation shall contain the information  
15 required by subparagraphs (A) and (B) presented  
16 separately for each metropolitan area in which an in-  
17 sured depository institution maintains one or more  
18 domestic branch offices.”.

19 **SEC. 7. STATE TAX COMPLIANCE.**

20 Section 5240 of the Revised Statutes (12 U.S.C. 484)  
21 is amended by adding after subparagraph (B) the follow-  
22 ing new subparagraph:

23 “(C) Notwithstanding subparagraph (A), law-  
24 fully authorized auditors, examiners, and other rep-  
25 resentatives acting on behalf of the State agency or

1 agencies charged with the administration and collec-  
 2 tion of taxes imposed by a State or political subdivi-  
 3 sion thereof, may, to the extent necessary, review the  
 4 books, records, and accounts of a depository institu-  
 5 tion, chartered under Federal law and located in  
 6 that State, to determine any State or local tax liabil-  
 7 ity and to ensure compliance with the tax laws of the  
 8 State or political subdivision thereof.”.

9 **SEC. 8. INTERSTATE BRANCHING BY FEDERAL SAVINGS**  
 10 **ASSOCIATIONS.**

11 (a) IN GENERAL.—Section 5(r) of the Home Owners’  
 12 Loan Act (12 U.S.C. 1464(r)) is amended by adding at  
 13 the end the following new paragraph:

14 “(4) APPROVAL OF DIRECTOR REQUIRED.—

15 “(A) IN GENERAL.—No Federal savings  
 16 association described in paragraph (1) may es-  
 17 tablish, acquire, or operate a branch outside  
 18 such association’s home State without the prior  
 19 written approval of the Director.

20 “(B) LIMITATIONS ON THE DIRECTOR’S  
 21 AUTHORITY.—The Director may not approve  
 22 the establishment, acquisition, or operation of  
 23 any branch of any Federal savings association  
 24 in any State other than such association’s home  
 25 State, unless—

1           “(i) the establishment, acquisition or  
2           operation of such branch would, if the  
3           Federal savings association were a savings  
4           association chartered by the home State of  
5           the Federal savings association, be ex-  
6           pressly permitted under both the law of the  
7           State in which such branch is to be located  
8           and the law of the home State of the Fed-  
9           eral savings association, by statutory lan-  
10          guage to that effect and not merely by im-  
11          plication;

12          “(ii) the establishment, acquisition or  
13          operation of the branch is carried out in  
14          accordance with all requirements, condi-  
15          tions, and limitations established under or  
16          pursuant to the law of the State in which  
17          the branch is (or is proposed to be)  
18          located; and

19          “(iii) such association is an ade-  
20          quately capitalized depository institution  
21          (as defined under section 38 of the Federal  
22          Deposit Insurance Act) which maintains  
23          capital that exceeds the required minimum  
24          ratio for each relevant capital measure.

1           “(C) HOME STATE DEFINED.—For pur-  
2           poses of this paragraph, the term ‘home State’  
3           means the State in which the home office of the  
4           Federal savings association is located.”.

5           (b) TECHNICAL AND CONFORMING AMENDMENT.—  
6           Section 5(r)(3) of the Home Owners’ Loan Act (12 U.S.C.  
7           1464(r)(3)) is amended by striking “this subsection” and  
8           inserting “paragraph (1)”.

9           (c) APPLICABILITY.—Section 5(r)(4) of the Home  
10          Owners’ Loan Act (as added by subsection(a)) shall not  
11          apply to the establishment, acquisition, or operation of a  
12          branch of a Federal savings association approved by the  
13          Director of the Office of Thrift Supervision on or before  
14          June 30, 1993.

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